

SECRET

May 3, 1957

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Dear George:

Your letter dated 26 April 1957 indicated that Project Headquarters is not always advised when contractor employees terminate their association with project activities. In this respect, I believe you will find that we have done reasonably well, although such notification has not been made generally until an employee has actually terminated. In a few cases, several weeks have elapsed after termination before such notice has been forwarded to Walt.

In conformity with your wishes, we are establishing procedures which should permit advance notification to you of actual terminations, and it is hoped that these procedures will be effective in providing the information you need at an appropriate time.

To my knowledge, we have lost no senior officers or senior professional personnel who have been affiliated with Project activities. Our turnover has been confined largely to technicians and production personnel whose access to critical information has been essentially nonexistent. Only one Phase 3 type has been removed from the project, and this action has been taken with the full knowledge and guidance of the Project Headquarters security staff; in this case also, a thorough debriefing was given by Mr.

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We have attempted throughout the life of the project to maintain the highest possible degree of security within our plant and with respect to operations external to the plant. I think we have been moderately successful in this regard, although this is an area in which one can never be completely certain of the results achieved.

We shall provide you shortly with an estimate of the probable number of additional clearances that may be required for the remainder of this year. In the past, and because of the fact that a very large fraction of our personnel have been engaged on project activities, we have submitted PSQ's for most of the new employees of the Communications Division, exceptions having been made principally in the case of employees concerned with purchasing,

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personnel matters, etc. We have probably submitted more PSQ's for review by Walt and his people than would be required in terms of the number of employees actually engaged in activities from which they might gain critical knowledge. This procedure has been based on the theory that your security organization should have the opportunity of reviewing backgrounds of new personnel as a means toward ensuring the highest possible over-all degree of security. I believe the time has arrived, however, when adequate segregation of personnel can be effected to minimize the need for additional clearances. Our estimate for further clearance needs will be made on this basis providing that this is agreeable to you and to Walt.

Because of expanding activities, it is probable that the division will hire more than 100 persons between now and the end of this year; it is unlikely, however, that more than one-fourth to one-third of this number would be affiliated with project activities, and nearly all of these persons would probably be associated with production activities where access to significant information with respect to critical information would be at a minimum. We would like at this time to raise a question with respect to the clearance requirements on personnel assigned exclusively to work for the FOG and to personnel who might be involved in the engineering or production of equipment for FOG-2 or the Navy. If these people require clearance by Project Headquarters, it is probable that clearances would be required for a somewhat greater number of people than would otherwise be the case. We would appreciate your comments and direction with respect to such clearance matters.

Sincerely,



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Burt

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